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ABSTRACT

In this lesson, student teams roleplay an import-export company's purchasing department. Students consider the reasons for the U.S. trade deficit and develop a plan to help their company achieve an import-export balance. Teams will research international trade and economic issues that impact trade balance. Students are provided with background information, detailed instructions, online resources, and reflection questions. The teacher's notes describe the unit's purpose, explain the application of history/social science standards, and suggest teaching strategies. (RJC)

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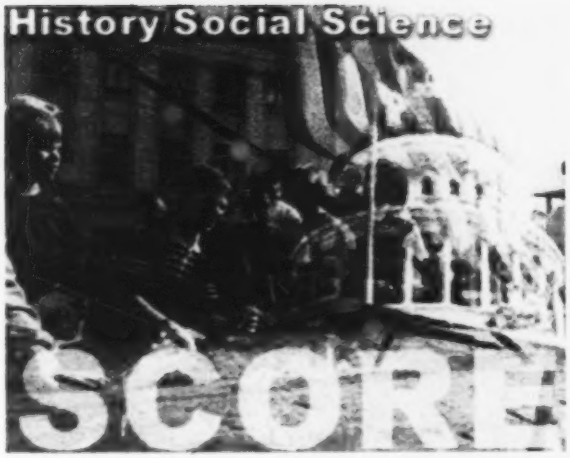

Schools of California Online Resources for Education (SCORE): Connecting California's Classrooms to the World

Seeking a Balance in International Trade: Pacific Rim Import-Export Transactions

12th Grade Lesson by Robert O'Connor

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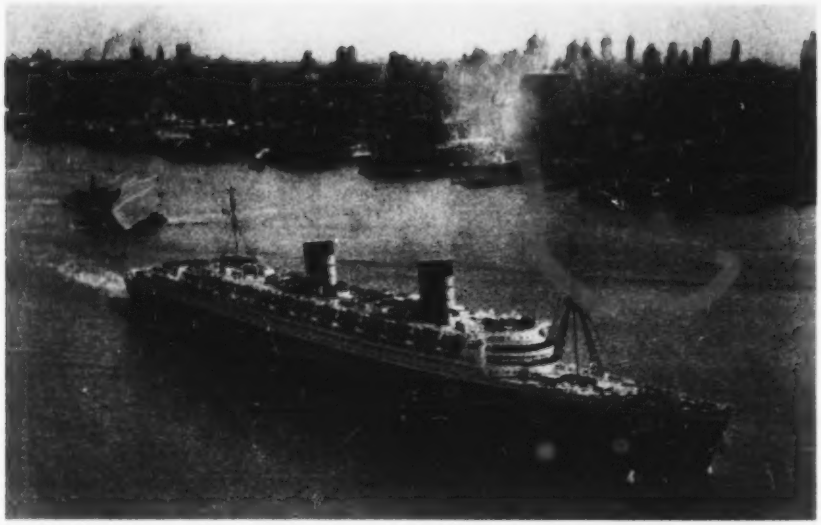

Seeking a Balance in International Trade: Pacific Rim Import-Export Transactions

You are part of an import-export company's purchasing department. Your company has come under public and government pressures to achieve an import-export balance or trade surplus favoring the United States. The federal government is offering generous tax breaks over the next five years for any import-export company that achieves a neutral or positive trade receipts. Your company is located in California and does business exclusively with the Pacific Rim nations.

Teacher Notes

The Task

You or your group must identify the import-export items needed to achieve a neutral or positive balance of trade.

- Chose a name for your company.
- What will your company import?
- What will your company export?
- What trade strategies will you use to buy and sell your imports and exports?
- How will the fluctuations in the exchange rate effect your trading?

After identifying the desired trade items and strategies, you must select a country to research from

those listed below:

- Canada
- Chile
- Hong Kong
- Japan
- Mexico
- Singapore
- Indonesia
- South Korea
- Taiwan

After you or your group have selected the country, prepare a presentation for your company's board of directors.

Resources

There are numerous resources on the Internet related to international trade and economic issues. These listed below are a good place to begin. As you widen your search for information, some discoveries can be bookmarked for future use with other projects or assignments.

- Example of Internet Resources
  - Resources on International Trade:
    - World Trade Organization (WTO) - http://www.wto.org
    - Washington Post - http://www.washingtonpost.com/
    - World Bank Home Page - http://www.worldbank.org/
  - Resource on Exchange Rate:
    - Federal Reserve Bank of New York - http://www.ny.frb.org/
  - Resources on Foreign Nations
    - CIA World Factbook for 1995 - http://www.odci.gov/cia/publications/nsolo/
    - United States Information Agency Home Page - http://www.usia.gov/
    - Virtual Tourist II - http://www.city.net
- Example of Other Resources
  - Consulate Offices for individual countries
  - Reference books like Goode's World Atlas and almanacs
  - Local and national newspapers business sections

The Process

To accomplish this task you will first need to identify the import-export items that you will recommend

to the board of directors.

1. Identify potential export items for your specific country after conducting a need and want criteria.
2. Identify the current exchange rate and its stability for your trading partner country.
3. Make up a balance sheet to produce a cost analysis to achieve a balance or surplus of payment status.

After accomplishing the above task, you or your group will do the following.

1. Identify the best export item(s) for your trading partner to achieve your balance of payment goal.
2. Identify the best import item(s) for your trading partner to achieve your balance of payment goal.
3. Determine the exchange rate and its stability and set your policy accordingly.
4. Write up a brief report on your findings for the board of directors and be prepared to defend it.

Make a presentation to the the board of directors on the best items to import and export for each of the Pacific Rim trading partners. After all the presentations the board of directors (class or separate group) selects the best trading partners to achieve a desired balance of payments status for your company and thus become eligible for the tax breaks.

Learning Advice

To do a good job of achieving a desirable trade balance, it will be important to investigate the business climate of your trading partners. Try to simulate the free trade environment of the world trade scene today. You must make your trade deals a win-win situation for all parties.

If you are working on this project as a member of a team, divide up the tasks and responsibilities. One person needs to be responsible for keeping the group on task. Others members of the group need to take task which are best suited to their particular talents. All members of the team must be involved in the decision making. All members of the team must accept their responsibility for accomplishing the task. In a team it takes cooperation to achieve success. In the business world it is the companies with the best team efforts that are most successful.

Evaluation

Evaluation of this activity is based on the quality of your research, reasoning and presentation. You need to have considered as many aspects of the international trading world as possible to make your recommendations valid.

Reflection

Looking back over the process that you used to select the best trade items to import and export, are there changes that you would make in how you went about this task if you were to do it a second time.

1. Describe the process you used to complete this activity.
2. How did the Internet resource help you the most?
3. If you were doing this activity or a similar one again, what would you do differently?

Conclusion

After all of the reports to the board of directors were presented, which import-export items seemed to be most persuasive to you? Would this also be true for a real board of directors? Why or why not?

Teacher Notes

Grade Level/unit

Grade 12 economics - International Trade Unit 6

Purpose

This lesson will help students understand the concepts of marketing, comparative advantage and the uses of monetary policy to affect markets.

Length

About five class periods are needed to complete the lesson as written. However, this lesson can be expanded or shortened depending on the time available by making more or less of the work done outside of class.

H/SS Content Standard

12.6 Students analyze issues of international trade, and explain how the U.S. economy affects, and is affected by, economic forces beyond its borders, in terms of:

1.the gains in consumption and production efficiency from trade with emphasis on the main products and changing geographic patterns of twentieth century trade among countries in the Western hemisphere

4.explain foreign exchange, how exchange rates are determined, and the effects of the dollar gaining (or losing) value relative to other currencies a strong or weak dollar

H/SS Analysis Skills

Historical Interpretation

6.students conduct cost/benefit analyses and apply basic economic indicators to analyze the aggregate economic behavior of the U.S. economy

Possible Interdisciplinary Connections

This lesson is not highly interdisciplinary since most high school economics classes are taught as single discipline classes rather than as part of an interdisciplinary course of study. However, if student develop ads for their products or write copy, art and language arts might be addressed. If students analyze graphs and charts with supply curves as part of their research or if they consult trade statistics, mathematics might also be addressed.

Adaptations for Special Needs

Students of languages other than English might pursue this project by consulting catalogs or newspapers and doing interviews of recent immigrants from targeted trading partners instead of doing the more traditional research of markets.

Advanced students might compare the products advocated by their classmates against real trade statistics to determine the viability of their classroom trade decisions. They might also come up with other methods to stimulate the sale of U.S. products overseas.

Background information

If will be helpful of the teacher has researched the manner in which trade statistics are gathered and recorded. It is important to realize that services are not counted as part of the trade statistics. Since a great many American exports are derived from services such as programming software, making films, etc. this can have a tremendous influence on balance of trade statistics so that the U.S. appears to be in more of a trade deficit than it really is.

Credits

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